

Message Text

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71

ACTION EUR-25

INFO OCT-01 IO-13 ADP-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08

CEA-02 RSR-01 /148 W

----- 123001

R 021715Z AUG 73

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 8334

INFO AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION GENEVA

UNCLAS BRUSSELS 4460

E.O. 11652: NA

TAGS: EFIN, BE

SUBJ: BELGIUM RAISE BANK RATE TO 6.5 0/0

1. BELGIAN NATIONAL BANK ANNOUNCED AUGUST 1 THAT ITS BASE DISCOUNT RATE WOULD BE RAISED EFFECTIVE IMMEDIATELY ONE HALF POINT TO 6.5 PER CENT. RATE FOR OTHER THAN PRIME SECURITIES ALSO RAISED HALF POINT TO 8 PER CENT.

2. NATIONAL BANK ALSO ANNOUNCED THAT EFFECTIVE AUGUST 31 CEILING ON BORROWINGS BY FINANCIAL INSTITUTIONS FROM NATIONAL BANKS WILL BE REDUCED BY 7 PER CENT (AS OPPOSED TO NORMAL QUARTERLY INCREASE) FROM BF 45.4 BILLION TO APPROXIMATELY 42.5 BILLION.

3. AS THIRD MEASURE TO TIGHTEN CREDIT, BANK WILL NEGOTIATE WITH FINANCIAL INSTITUTIONS INCREASE IN INTERESTFREE RESERVES REQUIRED TO BE HELD AGAINST DEPOSITS IN FINANCIAL INSTITUTIONS AND NEW RESERVE REQUIREMENT FOR LOANS.

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4. DISCOUNT RATE WAS LAST INCREASED JULY 5. BANKS ANNOUNCED
MOTIVE FOR INCREASE WAS TREND IN INTEREST RATES INSIDE AND OUTSIDE
BELGIUM. IT WAS ALSO JUSTIFIED AS PART OF PROGRAM TO
COMBAT INFLATION.
BOOCHEVER

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NNN

Message Attributes

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Disposition Approved on Date:
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Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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30 JUN 2005

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